

★★The Honolulu Advertiser Thursday, August 29, 1985 A-7

Rewald's 'good impression' got background check waived

By Walter Wright
Advertiser Staff Writer

Ronald Rewald persuaded the Central Intelligence Agency not to do a background check on him before the agency used his CMI Investment Corp. as cover, a CIA officer testified yesterday.

John Mason, a 25-year veteran of the CIA's clandestine services, said he asked the CIA's Office of Security to waive the background neighborhood investigation of Rewald.

This was even after the security office warned that Rewald had been in trouble in Wisconsin over a franchise investment scheme.

"We said we wanted to go ahead" despite the Wisconsin trouble, Mason recalled.

Mason, whose job it was to assess whether private companies were willing, able and secure enough to provide cover for agents, said after a one-hour meeting with Rewald that:

"Mr. Rewald made a good impression, appears very patriotic and pro-agency and is willing and able to quickly provide the cover requested by (Foreign Resources) division."

Rewald had given Mason some company brochures, told him of promised 27 percent interest payments and said he was currently trying to get money from NBC for a G-rated film called "Little Bigfoot," Mason said.

Mason is the latest in a string of agency officials who have testified, in effect, that they,

too, were Rewald's victims and not his partners at Bishop Baldwin Rewald Dillingham & Wong as Rewald claims.

Mason said Rewald expressed fear that a background investigation "might create unfavorable attention and possibly publicity."

After an earlier internal records check, the CIA had used Rewald to maintain telephone and telex "backstopping" in the bogus H&H Enterprises for agents traveling abroad.

Mason said that C.L. Richardson, an officer in the agency's foreign resources division, which tries to recruit visiting foreigners before their return to their countries, needed the CMI cover in a hurry.

Mason said the risk of using Rewald would be small because Richardson would be known to Rewald only under his alias, Richard Cavannaugh, and his West Coast office and telephone also would be "acquired in alias."

More, Mason said, "no agency money will be advanced to Mr. Rewald, and the operational target and details will not be revealed to him."

CMI was a company name which Rewald had brought with him from Wisconsin and used briefly here before Bishop Baldwin was created in 1978. On one example of "Cavannaugh's" business card, CMI was described as a subsidiary of Bishop Baldwin, and "Cavannaugh" was listed later in a Bishop Baldwin brochure as a "principal" of Bishop Baldwin.

Mason had estimated that it

would cost no more than \$2,000 a year to pay for the CIA-related expenses that Rewald might incur setting up cover for Richardson.

Would Mason have recommended the deal if it involved \$20 million in expenses instead of \$2,000, he was asked.

"I don't think I would have been the one to write the memo" covering such a proposal, Mason replied. "I would have been too junior for that. It would have required very high authority."

Mason said he first met with Rewald at the Hyatt Regency Hotel in Los Angeles on June 25, 1979, and had him sign a secrecy agreement.

Later, Rewald signed another agreement to put Cavannaugh on as an "employee" of CMI.

Earlier yesterday, Matthew Kelly, chief of the division that makes and detects alias documents for the CIA, said Rewald's Marquette University degrees are transparent fakes the CIA never would have made, as Rewald claims.

The degrees were made with the wrong dates, paper, type faces, printing techniques and signatures, Kelly said. One was printed in English instead of Latin and another's "gold" seal was applied with spray paint, he said.

In other testimony, Lowell Smith Dillingham and Bishop Estate trustee Richard Lyman said Rewald's firm had no connection with the kamaaina families named in its title.